

GOVERNMENT OF PUERTO RICO

18th Legislative
Assembly

3rd Regular
Session

SENATE OF PUERTO RICO

S. J. Res. 196

January 25, 2018

Presented by Mr. *Rivera Schatz*

Referred to the Treasury Committee

JOINT RESOLUTION

To authorize the Secretary of the Treasury of Puerto Rico, on behalf of the Government of Puerto Rico, to provide Emergency Relief in the form of one or more loans or providing one or more credit facilities or disbursements, to the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewer Authority, in order to address the challenges caused by the passing of hurricanes Irma and María, under the terms, conditions and guarantees agreed pursuant to this Joint Resolution; to authorize the Electric Power Authority and the Aqueduct and Sewer Authority to receive Emergency Relief; to provide the requirements, terms and conditions; and for other related purposes.

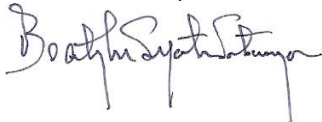
STATEMENT OF MOTIVES

Puerto Rico has suffered an unprecedented catastrophe. In a matter of weeks, the Island was hit by hurricanes Irma and María (the worst in the history of Puerto Rico), which destroyed thousands of homes, ruined the island's infrastructure, and adversely affected revenues of the Government of Puerto Rico, its agencies, instrumentalities and public corporations, and significantly limited the government's ability to provide essential services, such as water and electricity to the residents of Puerto Rico.

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February 2, 2018

RE: S.J. Res. 196, January 25, 2018



The devastating impact of these hurricanes forced the government and its instrumentalities to incur substantial extraordinary expenses, while experiencing a significant reduction in revenues. All this in the midst of an unparalleled fiscal and economic crisis caused by irresponsible fiscal policies implemented by preceding administrations. As a result, the Government of Puerto Rico is on the verge of a liquidity crisis that threatens its continuous essential services.

In view of the above stated, this Legislature deems prudent and reasonable to authorize the Secretary of the Treasury of Puerto Rico, on behalf of the Government of Puerto Rico, to provide Emergency Relief as one or more loan or extension of one or more credit facilities or disbursements, to the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewer Authority, in order to address the challenges caused by the passing of hurricanes Irma and María, under certain terms, conditions and guarantees. With this authorization, we ensure continuity of government operations and its corporations during this emergency period.

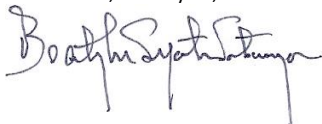
BE IT RESOLVED BY THE LEGISLATURE OF PUERTO RICO:

1 Section 1.- To authorize the Secretary of the Treasury of Puerto Rico (hereinafter, the
2 "Secretary"), on behalf of the Government of Puerto Rico, to provide one or more loans
3 or extend one or more credit facilities or disbursements (hereinafter, the
4 ""Emergency Relief "), to the Puerto Rico Electric Authority (PREPA) and to the
5 Puerto Rico Aqueduct and Sewer (PRASA), under the terms, conditions and
6 guarantees agreed upon in this Joint Resolution, to cover its operational
7 expenses, as defined herein, up to a maximum of five hundred
8 fifty (550) million dollars for PREPA, and eighty (80) million
9 dollars for PRASA. This autorizaci6n shall be valid until June 30, 2018.

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1 The Legislature shall be immediately notified on the amount and
2 specific details of any loan, credit or disbursement issued or made pursuant to this Joint
3 Resolution.

4 Furthermore, PREPA and PRASA are hereby authorized to receive this Emergency
5 Relief. The provisions of this section shall be deemed as a
6 budgetary allocation whereby the Secretary is authorized to provide the Emergency
7 Relief as a loan, which shall be repaid under the terms and
8 conditions agreed by the Secretary. It is hereby provided that,
9 the figure of compensation [set-off] may be used for the payment of the amounts,
10 as well as reimbursements from state or federal funds allocated for such purposes.

11 The Management and Budget Office shall determine the budget
12 items from which the funding will be provided for the Emergency
13 Relief.

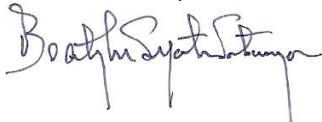
14 For purpose of this legislative piece, the term "operational expenses " shall mean:
15 payroll expenses of the pertinent public corporation; purchase of
16 fuel, power, materials and equipment needed for the operation of the
17 pertinent corporation; payment for services from contracted entities to carry out
18 the maintenance, repair and recovery works of the electric and
19 aqueduct services after the atmospheric events of Irma and María.

20 Section 2.- In the event the Government of Puerto Rico provides Emergency
21 Relief to PREPA and/or PRASA, these public corporations may enter into
22 any agreement to receive it and may use the Emergency

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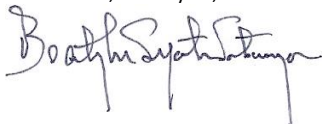
1 Relief funds without having to comply with the procedures, requirements or reviews
2 from any regulating commission in Puerto Rico with jurisdiction upon said
3 public corporation, and its use shall be pursuant to this instant legislative
4 measure, notwithstanding anything otherwise provided by any other applicable state law
5 or regulation. When using the product of any Emergency Relief,
6 PREPA and PRASA shall comply with all applicable laws, regulations and executive orders on
7 government contracting and purchases that may be applicable, including without
8 limitation, obtaining any consent or approval necessary, (except for
9 any consent, approval, order or decree by any regulating
10 commission) and shall be subject to the review by, including, but not limited to, any
11 legislative committee, the Office of the of the Comptroller of Puerto Rico and the Office of the
12 Inspector General.

13 Section 3.- Each of the public corporations receiving Emergency
14 Relief shall keep the received funds in a separate account to be
15 solely used for the purposes so established in this legislative measure and
16 defined as “operational expenses”. Notwithstanding any applicable legal provision,
17 no creditor of the Government of Puerto Rico or its public
18 corporations shall have a lien or priority upon, nor be entitled to enforce any
19 remedy whatsoever against the funds for Emergency Relief or with respect to any
20 account in which those funds are deposited, nor shall be entitled to take any
21 measures for execution against such funds or the accounts in which those funds are
22 deposited nor can intervene in any way with the use of said funds.

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1 Section 4.- Under no circumstance shall it be construed that this
2 Joint Resolution authorizes any disbursement in detriment to the payment the payroll or
3 overtime pay of members of the Puerto Rico Police Department.

4 Section 5.- This Joint Resolution shall be translated into English.

5 Section 6.- This Joint Resolution shall take effect immediately
6 upon its approval, provided, however, that the Government of Puerto Rico
7 shall not be authorized to provide additional Emergency Relief pursuant to
8 this Joint Resolution after June 30, 2018. However, this term may be
9 extended by virtue of a Joint Resolution adopted for such purposes.

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